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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Last Minute News

GF gets sweetener patent

RYE BROOK, N.Y.—General Foods has been awarded a patent on two new low-calorie sweeteners that can be used in powdered desserts, dairy products, canned goods or for tabletop. The sweeteners, which are at least 2,000 times sweeter than sugar, will be tested further internally before being submitted for Food & Drug Administration approval. Separately, GF is testing Kool Shots, a liquid concentrate form of Kool-Aid, in undisclosed markets. The product is a presweetened liquid packaged in plastic squeezable pouches shaped like Kool-Aid's Pitcherman character. Grey Advertising, New York, is agency of record for Kool-Aid.

Hotel mulls Martin shops, others

WASHINGTON—Marriott's Residence Inn, an all-suite hotel chain, is reviewing its $1.5 million account and considering Hawley Martin Partners and the Martin Agency, both Richmond, Va.; McKinney & Silver, Raleigh, N.C.; and Rosenthal, Greene & Campbell, Bethesda, Md. The Richards Group, Dallas, previously handled. With the pitch, David Martin, now senior partner at Hawley, is competing with the agency he founded *(see earlier story on Page 6)*.

Chex finds mate at Avrett Free

ST. LOUIS—Ralston Purina selected Avrett, Free & Ginsberg to succeed Wells, Rich, Greene, both New York, on its $10 million Corn, Rice and Wheat Chex account. A *(Continued on Page 8)*

● **Ad Age's Creative Workshop —see coverage on P. 49, 56, 60**

Price hikes loom for TV's hot :15s

Mini-ads becoming 'monster issue'

By VERNE GAY

NEW YORK—The Big 3 TV networks, hurt by a crushing demand for 15-second ad units, want to charge advertisers more for the short spots.

The simmering controversy over 15-second commercials involves more than pricing, notably clutter and product protection. "I think this will be the monster issue of the year," said Jerry Dominus, VP-sales at CBS.

ABC will test the waters for a price hike this fall by seeking "premiums" for :15s bought in the baseball championship playoffs, "NFL Monday Night Football" and, possibly, the Academy Awards telecast.

Sources said ABC would use these events as "litmus tests" to see whether price hikes could be sought elsewhere.

The popular 15-second format is now priced at half the cost of a :30.

In explaining the nets' position, one TV executive said, "Basically, people talk about :15s like they should be 60% the cost of a :30, or even have a 20% premium. But maybe the marketplace won't be able to handle that. So maybe [the cost increase] will be set at

Magazine ad rates headed for big increase—Page 3

53% or 54% [of the cost of a :30].

"You can't do things too quickly," he added.

NBC executives couldn't be reached for comment on their position on this issue.

CBS is debating whether to ease its restrictions on use of the short format. Each network currently allows only two 15-second spots per commercial cluster, or pod, to prevent clutter and ensure product protection.

But the huge demand for :15s in all dayparts has forced a re-evaluation of this policy.

CBS has warned advertisers it will reach saturation levels for :15s in prime time during this fall season, telling advertisers in a letter last month that it may have to "modify our policies."

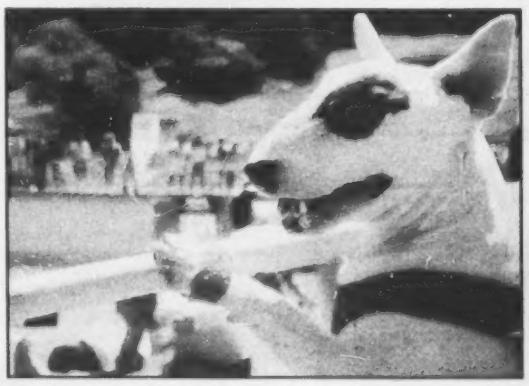
CBS specifically noted it was having trouble maintaining product protection in the pods. The network limits two :15s or one split 30 to both a 90-second and a 120-second pod, so there are never more than five commercial messages in a pod.

But CBS said many advertisers that had bought :30s were asking for their unit to be split into :15s and not giving them enough advance warning to insure product protection.

That's a key reason for the network's policy review, and sources said the result could be either more :15s *(Continued on Page 62)*

HOT STUFF

Residents of tiny Hope, Ind., explain why they boycotted burgers in favor of Arby's roast beef in new commercials from W.B. Doner & Co., Baltimore. *(See story on P. 59.)*



Anheuser-Busch's Spuds MacKenzie will try pole vaulting in a Bud Light spot airing on NBC's Olympic broadcast next month. DDB Needham Worldwide, Chicago, handles.

Mercury ads take new shape for '89

By PATRICIA STRNAD

BOSTON—Ford Motor Co.'s Lincoln-Mercury division is dropping its 3-year-old ad theme for Mercury, "The shape you want to be in," and replacing it next month with an all-new campaign.

"Where comfort and control are one" is the new theme and it reflects the upscale division's new strategy of emphasizing comfort, control and handling.

Executives said those were the attributes cited most often by focus groups when asked what they liked most about Mercury cars.

The previous advertising campaign was part of L-M's strategy to be known as the leader in auto design. But "so many other car companies are starting to [talk about] shape," said DeWayne Lancaster, L-M's general marketing manager, "we didn't have the cornerstone on shape anymore."

His comments were made last week at a national preview of Ford Motor Co.'s entire 1989 model lineup, where company executives said they have set ambitious sales goals for next year.

To meet its goal, the Ford Division is relying on past strategies and its long-running ad theme.

The flagship car's new advertising breaks little ground strategically and creatively while continuing the well-known themes, "Have you driven a Ford . . . lately?" and "The best-built American cars, eight years running."

The former is "the most recognized theme line in the industry," said Philip Novell, general marketing manager at Ford Division. "If we changed it, our dealers would lynch us."

J. Walter Thompson USA, Detroit, handles the Ford Division; Young & Rubicam, New York, handles Lincoln-Mercury.

Lincoln's "What a luxury car should be" theme is continuing. Pro golfer Jack Nicklaus, Lincoln's new spokesman (AA, Aug. 1), appears in spots for the Town Car and Continental.

Mr. Lancaster said the new focus for Mercury is a "natural evolution" and not due to dealer dissatisfaction.

Last year's effort featured New Age music and cars in motion against a roadless, unpopulated background.

The 1989 Mercury commercials are dominated by instrumental, symphonic music that's sometimes majestic and other times fast-paced and peppy.

TV spots feature drivers or passengers of Mercury models looking wide-eyed at the sun and a full moon, which appear in the sky side by side. The sun and moon start to move toward one another until eventually they eclipse, forming the Mercury logo.

"We were looking for visuals that would imply comfort and control," Mr. Lancaster said. Y&R "came up with the sun and moon, the sun being hot and controlled, the moon being soft, warm and comfortable."

L-M's Merkur Scorpio is getting most of the ad support for Merkur-branded cars in 1989, Mr. Lancaster said. The theme for Merkur is "German performance you can be comfortable with."

Ross Roberts, VP-general manager of L-M, projected that Scorpio sales will reach 12,000 units in 1989, up 19% from this year.

L-M projected total 1989 sales of 717,000 units, which would give it about 7% of the U.S. auto market. L-M's market share in

(Continued on Page 62)

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Dems' dilemma: Should they take shots at Quayle?

By STEVEN W. COLFORD

WASHINGTON—A top media adviser to Democratic presidential candidate Michael Dukakis says there may be hay to be made from ads targeting Republican vice presidential candidate Dan Quayle.

"Quayle's problems certainly have opened up other possibilities for advertising by the Mike Dukakis campaign," said Dan Payne, president of Payne & Co., Boston, whose ads helped the Massachusetts governor win the presidential nomination. "And I've got some of those ideas," he said, chuckling aloud at the prospects.

There's also the possibility that some liberal groups not directly linked to the Dukakis campaign or the Democratic Party might go after Sen. Quayle and his record, just as conservative groups have spent millions for barbed, frequently effective TV spots aimed at liberals.

Mr. Payne thinks Sen. Quayle's problems will hamper the Republicans' campaign advertising.

"They now have to be sensitive to how they use Quayle," he said. "If he continues to be in the forefront with the press for another three or four weeks . . . then they have to decide whether to go with a Bush-Quayle logo or just 'Bush for president.' "

Mr. Payne even conjectured on the possibility of some image-mending ads by the Republicans.

"The vice president is not usually a major part of [advertising] budgeting for a campaign," he said.

"But if they try anything with Quayle, the ad ends up being bigger news than a spot for George Bush. Everyone will pick it over to determine the meaning, to figure out the damage control."

Sig Rogich, advertising director for the Bush campaign, declined to comment on the possible impact of anti-Quayle ads by the Democrats or on the likelihood of using advertising to try to bolster Sen. Quayle.

But another Bush campaign insider, speaking anonymously, said the Indiana senator's problems—his National Guard service during the Vietnam War and his 1980 stay in Florida with a group of people that included Washington lobbyist Paula

(Continued on Page 61)

Saatchi stock woes may pare pay hikes

By JON LAFAYETTE

NEW YORK—Managers of Saatchi & Saatchi's agencies are under intensified pressure to increase profits —and may be holding 1989 salary increases down to a minumum to do sn.

This comes just as the Saatchi holding company prepares for its fiscal 1989 budget meetings next month.

Senior agency executives denied they had been ordered to squeeze raises to as low as 3%, but they acknowledged the holding company is taking a much closer look at salaries than in the past.

Saatchi's deflated stock price is the main reason for possible tight salary guidelines and other cost-cutting moves.

The price of Saatchi's common stock has fallen from more than $30 a share just before the Oct. 19, 1987, stock market plunge to $18⅜ last Friday.

The falling stock price impedes Saatchi's acquisition strategy because the company prefers to raise money by selling stock rather than borrowing (AA, Aug. 1).

The low stock price also makes managers' stock options fall in value and raises the possibility of a takeover.

One way to boost the stock price is to improve operating margins by controlling costs, and an agency's biggest cost is salaries.

Roy Warman and Terry Bannister,

(Continued on Page 62)

Pepsi sends Coke to mat on recall

By SCOTT HUME

"Ladies and gentlemen, we have a decision," as the ring announcers say. And the winners are . . . Diet Pepsi and its commercial presenters, heavyweight champion Mike Tyson and his wife, Robin Givens.

PepsiCo and Coca-Cola USA went into the advertising ring in June and Jul each claiming that its diet cola was preferred in national taste tests.

The challenges coincided with the June 27 heavyweight boxing title fight between undefeated champion Mike Tyson and Michael Spinks.

For several days before the fight, Pepsi-Cola, via BBDO Worldwide, New York, aired a series of teaser spots for Diet Pepsi suggesting something monumental was coming.

The night before the fight—billed as a bout that would decide who was the top fighter "Once and for all"—Pepsi ran a spot featuring Mr. Tyson, in which it claimed Diet Pepsi was the people's choice. PepsiCo sponsored the closed-circuit telecast of the fight.

Coca-Cola, meanwhile, was running its own TV and print campaign, from Lintas:New York, claiming that its tests gave the taste crown to Diet Coke.

The fight lasted 91 seconds—three times longer than both soft-drink marketers' TV commercials—with Mr. Tyson the winner by a knockout.

And the July AdWatch figures on consumer top-of-mind advertising recall give Diet Pepsi the victory by a knockout, too.

Diet Pepsi advertising ranked among the 10 best recalled last month, taking the No. 7 slot. It was the first time Pepsi's diet brand has made the top 10 list.

Diet Coke's advertising didn't garner a single vote from the 1,000 adults who were asked to name the first advertising that came to mind from all they had seen, heard or read in the previous 30 days.

Regular Pepsi rode the coattails of its diet brand back into the No. 1 spot among the top 10, though Coca-Cola/Coke (which had held the top spot in the June survey) missed tying for the top spot by only a single vote.

When respondents were asked which soft-drink advertising came to mind first, the order of finish was the same.

Pepsi's advertising won that fight, coming to mind first for 36.7% of the sample. Advertising for Coca-Cola/Coke was No. 2 with a 27.6% share of first mentions.

Diet Pepsi, which hadn't even placed among the top 5 in the soft-drink category the previous month, was third in the July survey, with 6.7% of first responses, followed by Diet Coke's 4.3% share. 7UP was fifth with 3.3%.

Although Diet Coke was the top-selling low-calorie cola as of the end of 1987 (with a 7.7% share of the total soft-drink market vs. Diet Pepsi's 4.8%), Diet Pepsi advertising last month won the recall round, and that can have significant impact on the outcome of the fight.

AdWatch is a joint project of Advertising Age and SRI Research Center. Advertising awareness is measured by asking a nationally projectable sample to name the advertising that comes to mind first both overall and in specific product categories. Last month, 1,000 people were polled by phone.

Another close and closely watched fight has been going on for months between computer giants IBM Corp. and Apple Computer.

Apple has had a hold on the top spot in the computer category since the June 1987 survey, at times leading by as many as 16 percentage points. It didn't relinquish the top spot last month, but the gap between the leaders was very slim.

Apple's advertising was recalled first by 24.1% of the sample and IBM's by 22.3%. Compaq Computer Corp. was third with 1.9%.

The gap was closed not by IBM gaining in recall (its share of first mentions was 22% in June) but through a 2.6-point drop in recall of Apple's advertising from its 26.7% share in June.

Also worth noting is the 15.8% share of first mentions in the wine and wine cooler category garnered by E&J Gallo Winery's Bartles & Jaymes cooler. That's its highest share in the past 12 months.

Gallo wines ranked second with a 9.3% share; Banfi Vintners' Riunite was third with 7.1%.#

For more information, contact SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

AdWatch survey of advertising awareness Top 10 in July

One thousand people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind? Source: SRI Research Center, Lincoln, Neb.

Rank 7/88	6/88	Advertiser	Agency
1	2	Pepsi-Cola	BBDO Worldwide
2	1	Coca-Cola	McCann-Erickson
3	6	California raisins	Foote, Cone & Belding
4	5	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles/DDB Needham
5	4	McDonald's	Leo Burnett USA
6	3	Ford	J. Walter Thompson USA
7	—	Diet Pepsi	BBDO Worldwide
8	—	Tide	Saatchi & Saatchi DFS Compton
9*	7	Chevrolet	Lintas:Campbell-Ewald
9*	9	Miller	J. Walter Thompson USA/Backer Spielvogel Bates

* Indicates a tie.

Gillette returns to fray with push for Silkience

By PAT SLOAN

Gillette Co. is going back on the marketing offensive, planning a $20 million relaunch of Silkience shampoos and conditioners and considering a national rollout of Myoko skincare products.

The company's burst of marketing activity follows months of fending off a takeover, a battle that last week culminated in a share repurchase agreement with Coniston Partners, a New York investment house.

Silkience, unadvertised for the past two years, will get $12 million in advertising starting in January, said Kathy Donald, product manager.

She said 80% of that will go for TV and 20% to print. Another $8 million will go into consumer promotions.

N W Ayer has the task of rebuilding the brand; the last ad effort for Silkience was from Young & Rubicam.

Silkience had more than a 4% share in 1981 but, with the launch of such brands as Finesse from Helene Curtis Industries, it had fallen to 1.6% for shampoos and 2.8% for conditioners by the end of 1987.

No theme has been set for the campaign, said Jim Haag, management supervisor at Ayer.

The plans for Myoko, a joint venture with Japan's Shiseido Cosmetics, are less clear.

Gillette hasn't revealed its intentions for the brand, which has been testing in Boston since last winter (AA, Feb. 22). But sources say Myoko is slated for an expanded test market later this year and, if all goes well, a national launch in 1989.

Last week, Gillette moved Myoko to Ingalls, Quinn & Johnson, Boston. Hill, Holliday, Connors, Cosmopulos had resigned the business due to a conflict with Revlon Group.

Myoko is a 10-item line of moisturizing, cleansing and purifying products priced between $7 and $12. It's sold with the help of in-store computers.

That Gillette would soon return to business as usual was hinted at earlier this year when the company boosted ad spending for its antiperspirant/deodorant brands by 50%, to $30 million. It added line extensions Dry Idea for Men and Right Guard Sport at that time.

Dry Idea's share has since risen from 6.5% to 7.2%, according to Salomon Bros. figures, while Right Guard's share remains stable at 5.9%.

Gillette has been under significant competitive pressure in the antiperspirant/deodorant category, particularly from Mennen Co.

Mennen now is going after Gillette with this fall's $30 million launch of Mennen Speed Spray, the company's first aerosol, a market segment that Gillette has traditionally dominated.#

Paws for a treat

Just how far will a dog—or 75 dogs—go to get a Jerky Treat? In the first of two 15-second TV spots breaking today, one dog scales a building, a la Batman, when his mistress entices him with a Jerky Treat. In the second commercial, 75 canines arrive on the doorstep after a man waves a Jerky Treat in front of a fan. Leo Burnett USA, Chicago, created the spots for Star-Kist Foods.

J&J introduces Tylenol 'gelcap'

By PATRICIA WINTERS

Johnson & Johnson, faced with increased competition and slow growth for its key Tylenol brand, is introducing a "gelcap" version that follows years of research for a suitable replacement for once-popular capsules.

Most over-the-counter drug companies took capsule products off the market after a series of tampering incidents, starting with the Tylenol poisoning deaths in 1982.

Tylenol gelcaps are oval-shape pills with a gelatin coating. The key product benefit, said a spokeswoman for J&J's McNeil Consumer Products Co. subsidiary, is that the new product is easier to swallow since a "gelcap" is 33% smaller than a capsule.

That claim is featured in a 30-second TV spot for the gelcaps featuring soap opera star Susan Sullivan.

But a product attribute not advertised is that the gelcaps are one piece, making tampering difficult. Capsules came in two pieces.

"McNeil is by far and away the trend-setter—they are the Procter & Gamble of analgesics," said Gary Frauenhofer, a health & beauty aids retail executive in upstate New York. "If these gelcaps take off, everyone will follow."

McNeil has been researching easier-to-swallow pills since the elimination of capsules.

"This came out of ongoing research into what consumers want," the spokeswoman said. "There are people who like gelatin coating."

Besides TV, Tylenol gelcaps are backed by print ads, coupons and sampling.

The campaign is separate from regular Tylenol advertising.

Last year, McNeil spent about $55 million in media advertising. Saatchi & Saatchi DFS Compton, New York, handles Tylenol consumer advertising; Kallir, Philips, Ross handles advertising to medical professionals.

Jim Callandrillo, project manager

(Continued on Page 61)

Thai ad growth is soaring along with economy

By JOYCE RAINAT

BANGKOK—Thailand's advertising industry is expected to set new records this year, with ad spending rising as much as 20% to $300 million.

"The Thai economy is booming, and the advertising industry is the first to notice the upswing," said Rudiger Reinecke, managing director of DDB Needham Worldwide's office here. He predicts his agency's billings will rise as much as 50% to $15 million this year.

Thailand is quickly joining the ranks of other fast-growing Asian ad markets such as Taiwan, where ad spending is expected to increase 20% to 30% this year.

Thai consumers are benefiting from the country's emergence as an export base for hard-pressed Japanese, Taiwanese, South Korean and Hong Kong manufacturers facing rising costs at home.

The boom follows serious cutbacks in 1986 and the first part of 1987, when lower commodity prices and reduced consumer buying power prompted key advertisers to cut back or delay product introductions, said Kamthorn Kamolvarinthip, chairman of Lintas:Thailand.

Among brands whose ad spending has rebounded are several from Colgate-Palmolive Co., including Fab detergent, with spending for the first six months of this year at $900,000, up 102% from the same period in 1987. Fab is the No. 2 brand in ad spending in Thailand for the first half of '88, according to Data Bank Media Focus Co.

Other brands boosting ad spending this year are Premier Marketing's energy drinks, Krating Dang, up 122%, and the M-100 line, up 158%. Energy drinks, which contain large amounts of caffeine and sugar, are popular here.

About 60% of the increased spending at agencies is coming from existing clients, with the rest attributed to new business.

Unlike other quickly growing Asian countries opening to foreign investment, major Thai agencies have had affiliations with multinationals going as far back as 1965, when McCann-Erickson entered through a joint venture. Most other U.S. agencies came in during the 1970s, when U.S. businesses were exempted from the 49% foreign ownership restrictions.

However, U.S. agencies are still linking up with Thai shops. Earlier this year, Foote, Cone & Belding opened FCB Impact Thailand, which offers sales promotion, direct marketing and other below-the-line services. FCB also owns 30% of Prakit & FCB, the No. 7 agency.

Earlier this year, Saatchi & Saatchi Advertising ended its affiliation with Spa Advertising and opened a new shop with Loxley Group, in which Saatchi holds 49%. The agency is called Saatchi & Saatchi Advertising. Loxley's previous partner was Backer Spielvogel Bates.

Saatchi removed Backer and became Loxley's partner because the Bangkok agency was handling more Saatchi clients—including Procter & Gamble Co., Tambrands, Jos. E. Seagram & Sons and Mars Inc.—than BSB clients.

The new Saatchi agency bought direct-marketing company PMS and renamed it Saatchi & Saatchi Direct in May.

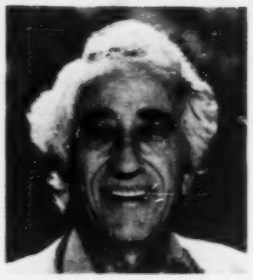
Spa Advertising, the largest independent Thai agency, reportedly may link with N W Ayer. James Foley, Ayer's New York-based senior VP-managing director/Asia-Pacific and Latin America, said he recently met with two Thai agencies to become "familiar" with them but wouldn't disclose names.#

Top 10 brands in ad spending in Thailand, Jan.-June '88

Brand	Marketer	$ in thousands	% increase over Jan.-June '87
Krating energy drink	Premier Marketing	1,056.9	122%
Fab detergent	Colgate-Palmolive	936.0	102
Colgate toothpaste	Colgate-Palmolive	928.2	–4
Palmolive soap	Colgate-Palmolive	912.6	14
Breeze detergent	Unilever	807.3	41
Thai International Airline	Government airline	768.3	40
Lipovitan-D energy drink	Premier Marketing	768.3	39
Coca-Cola	Thai Pure Drinks	768.3	37
Pepsi-Cola	Serm Suk	729.3	55
M-100/M-150 energy drink	Premier Marketing	713.7	158

Source: Data Bank Media Focus Co.

PAT PAULSEN



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World News Roundup

(Continued from Page 3)

up in the air, less than a month before the Games begin. A high court judge ruled last month that Asia Television couldn't have exclusive rights but would have to share them with its rival, Television Broadcasts.

OFFENBACH, WEST GERMANY—PepsiCo here launched new Mirinda fruit juice, with less sugar content and vitamin B enriched, with a heavy print campaign through Michael Conrad & Leo Burnett.

OSAKA, JAPAN—Original New York Seltzer is rolling out its soft drinks in Japan, under an agreement with Suntory here.

HONG KONG—Harper's Bazaar will launch a Chinese-language edition here next month with an initial 20,000 circulation.

Net sports keeping advertiser interest

Despite ratings decline, TV spot time still rising

By Richard Tedesco

Network audiences for some sports are dropping, but ad revenues are showing dramatic increases.

In a recent A.C. Nielsen Co. study, the average audience percentage for mainstream sports—including professional football, college football and college basketball—slipped in the past five years.

During the same period, the cost of 30-second spots for nearly all the major sports rose significantly, with baseball and pro basketball showing the biggest gains.

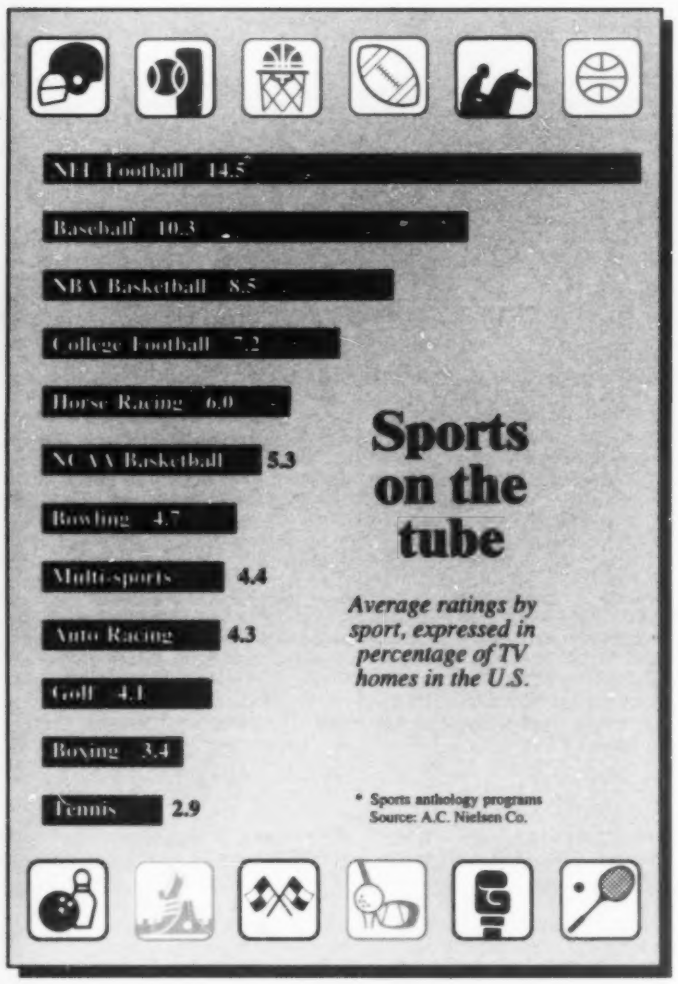
For baseball, network audiences rose to an average 10.3 rating in 1987 from 9.7 in 1983. At the same time, the average cost of TV baseball advertising jumped 44.7% to $80,000 per spot.

Average audience ratings for National Basketball Association games grew to 8.5 from 7.6, while the cost of a 30-second spots for those games rose 66.1% to $54,300.

The TV spot in greatest demand is still the National Football League, where commercial costs rose 5.2% to $128,600.

However, pro football might have fumbled away some of its audience in those five years, from a 15.8 average rating in 1983 to a 14.5 in 1987's strike-plagued campaign. AA

Richard Tedesco is a New York-based reporter for Electronic Media, *a sister publication of* ADVERTISING AGE.



This is where you get a jump on the competition.

With a CAVS marketing sponsorship, you can put our team to work for your company. We'll custom-design a dynamic advertising, merchandising and promotions package—all within your budget.

The possibilities include commercial announcements and promotional tie-ins on the radio and television stations of the CAVS, delivering consistent ratings of more than two million homes in the local market. Plus colorful, animated scoreboard commercials at the games and backlit signage seen by over 2.3 million Coliseum patrons each year.

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MARKETING TO HISPANICS

Perspectivas

(Continued from Page 42)

groups showed that these consumers wanted to save time cooking, but also serve authentic, nourishing cuisine," Mr. Basmeson said.

He hopes the mix, which costs slightly more than the average 60¢ seasoning packet, will garner a 10% to 15% market share 12 months from now in the rollout markets. "We're really looking to expand the category by bringing Mexican-Americans into it for the first time," Mr. Basmeson said.

Outlets in other markets already have made product requests, and distribution will expand to meet demand, although efforts will focus on the initial roll-out markets. "All locations are possibilities as long as they get Hispanic retail traffic," he said.

The share goals are not unrealistic, Mr. Basmeson said. "So few brands advertise to Hispanics it makes the brand pool surprisingly small. Where there is a niche, we will look to get some equity."

PRINT MONITOR

INSERT PROGRAM FOCUSES ON DATA

Hispanic Interactive Advertising and NovaCom have created a Spanish-language version of NovaCom's TalkBack America, a magazine-insert program that offers consumers a sweepstakes entry in exchange for their opinions of products and advertising.

"It's a focus group through the media," said Anuca Valverde, HIA's senior VP-general manager. Reader involvement in the survey also heightens awareness of ads and products, she said.

The Spanish-language component, called *Opine y Gane* (talk back and win), will run quarterly in newspaper inserts. *Vista*, the Hispanic-oriented, English-language newspaper supplement and 17 Spanish-language dailies and weeklies will be used. "*Vista* is a bit more upscale, and the others allow us strong penetration into the middle of Hispanic communities," said Ms. Valverde.

HIA explored mailing out its own piece or taking part in Donnelley Marketing's Carol Wright Hispanic co-op mailings. The former was too expensive; the latter posed conflict problems because both it and *Opine y Gane* promise category exclusivity, she said.

TV spots announcing the program and participating newspapers and advertisers will air on **Telemundo Group** affiliates the week before each drop.

HIA is targeting a 2 million circulation. The program will cost a minimum of $70,000 per advertiser.

More redeeming qualities

Coupon redemption among U.S. Hispanics

Households	88%
Heavy redeemers*	66
At supermarkets	84
At drug stores	34

*Three or more redemptions weekly per household
Source: Donnelley Marketing

■ ***LatinFinance***, itself financed by **Euromoney Publications PLC**, will debut in October. It claims to be the only English-language financial magazine exclusively covering Latin American capital markets and targets international bankers and senior executives.

Initial paid and controlled circulation is 5,500. A b&w page ad costs $3,450; $4,500 for color.

The first issue will carry 100 pages, 30 of which are ads. **Merrill Lynch** and **Chase Manhattan** already have signed yearly advertising contracts. Ten issues will be produced annually.

The publication fills a hole, said Lee Rafkin, marketing director. "This is just another thing that confirms that Miami is the offshore financial capital of South America."

STATION BREAKS

NEWS SERVICES WIRED FOR DEBUT

The caliber of Spanish-language news coverage inexorably changes in three days. On Sept. 1, Univisa's Galavision will begin accepting advertising and switch to a news/talk format (AA, June 27).

But Galavision will be sole occupant of its niche only for two months. Spanish Television News Network is targeting Nov. 1 as the date it will launch its ad-supported Spanish-language news service in U.S. and Latin American markets.

News programming attracts very high ratings, said Nancy Tellet, media director at Conill Advertising. "People simply have taken the cue that maybe all-news is what to put out there."

STNN currently is blitzing cable systems in counties with Hispanic populations. Efforts will focus on the top 35 U.S. Hispanic markets, and STNN hopes for penetration of 1 million U.S. households, said Sherman Wildman, STNN investor and marketing consultant.

Starrett Berry, Galavision's VP-general manager, said the market may not support two news-based services. Cable systems' channel capacity is extremely limited, he said.

"We're seeing some problems already in major markets with two over-the-air Spanish-language TV stations. There has been enough resistance to carrying even a third that I think it would be almost impossible," Mr. Berry said.

STNN originally assumed systems in major Hispanic markets had Hispanic programming, "and that is not true," Mr. Wildman said.

Ms. Tellet said it is uncertain whether the market will support both news services, however. "It's a question of supply and demand." Demand for Spanish-language programming has gone up sharply, but the supply has risen accordingly.

To differentiate itself from Galavision, STNN will focus more on news and less on talk/information. Galavision will feature 20 minutes of news with 40 minutes of talk/information. STNN will feature all news with talk/information programming inserted on a strip basis.

STNN also will pay systems 7.5¢ per subscriber, while Galavision currently charges systems an average 15¢ per subscriber to carry its programming. Galavision currently has 800,000 households subscribing and 300 affiliates; it expects 1 million subscribers by October.

The major battle will be for ad revenue, however, where STNN will compete not only with Galavision but also with Univision and Telemundo Group. Like Galavision, STNN will pursue Hispanic market TV advertisers first, but Mr. Wildman added the news format has more "upscale appeal, business appeal than the entertainment networks."

STNN currently is negotiating with two major ad reps that would act as its U.S. sales and marketing arm.

PRODUCT AND ACCOUNT ACTIVITY

■ **Colgate-Palmolive Co.**, New York, today breaks "*Colgate realiza sus suenos*," its first national sweepstakes via TV spots on **Univision** stations and radio. A 3 million-home coupon effort via **Carol Wright Hispanic** breaks Sept. 12. Also supporting are in-store activities at small independents and major retailers, such as **K mart Corp.**, **Southland Corp.**, **F.W. Woolworth Co.** and **Zayre Corp.** outlets with heavy concentrations of Hispanic customers. **Publicidad Siboney**, New York, handles.

The promotion was tested in five markets last year, attracting 125,000 entries and a 91% proof of purchase redemption. The company hopes the national effort will net 400,000 responses.

Siboney also is coordinating a repeat installment of Somers, N.Y.-based **Pepsi-Cola USA's** "*Casa de sus suenos*" sweepstakes promotion, which offers $150,000 toward a home purchase (AA, Dec. 28).

■ **Univision Network**, New York, has assigned **Alan Steff & Associates**, New York, to handle trade advertising on a project basis.

■ **California C.J.**, Los Angeles, to **Hispanic Group**, Culver City, Calif., as first agency of record. Efforts will concentrate on rollout markets in California and New York.

■ **Jordan Marsh** is breaking first-time Spanish-language radio spots in the Miami market next month; **IAC Advertising**, Miami, handles. According to **Strategy Research Corp.**, 4.9% of south Florida Hispanics patronize Jordan Marsh, while 16.4% shop at competitor **Burdines** most frequently.

■ **Carnation Co.**'s Friskies PetCare division broke TV and print ads for its Fancy Feast brand in Miami, marking the first cat food to advertise to the U.S. Hispanic market. The effort includes "The 'Fancy' Cat of Miami," a contest and sweepstakes promotion. **Lintas:Latina**, Miami, handles.

■ **GTE California**, Thousand Oaks, Calif., to **Sosa & Associates**, San Antonio, as first Hispanic agency of record. Although a budget has not been set, Tom Leweck, GTE's director-public affairs, said a multi-media campaign is a certainty.

■ **Telecommunications Inc.** to **Solis Group**, both Denver, for Hispanic marketing assignments in Colorado and Texas markets. The Solis Group also picked up additional general-market assignments for **U.S. West**, Denver.

■ **Brown-Forman Beverage Co.**, Louisville, Ky., next month in San Antonio breaks its first Hispanic market TV and radio spots for California Cooler via **La Agencia de Orci y Asociados**, Los Angeles. La Agencia also handled San Francisco-based **Hills Bros.'** first Hispanic market radio spots, placed this month.

■ **Levi Strauss & Co.**, San Francisco, broke first time Hispanic spots via **Mendoza, Dillon & Asociados**, Newport Beach, Calif., in Chicago and California and Texas markets.

■ **Whataburger Inc.**, Corpus Christi, Texas, has hired **Martinez & Associates**, Dallas, to create radio and TV spots using its general-market theme of "Looks like a Whataburger day." Martinez also was named agency of record for **Americana Mexicana Construtora Internacional**, a Mazatlan, Mexico-based construction company. The $800,000 account includes English, Spanish and Chinese spots and collateral material. The agency also handled Dallas **Univision** affiliate **KUVN-TV**'s debut, running local English and Spanish ads.

■ **Fisher-Price**, East Aurora, N.Y., to **Conill Advertising**, New York, as first Hispanic agency of record.

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Eveready rollouts come to light

By JULIE LIESSE ERICKSON

Eveready Battery Co. is restaging its lighting products nationally and moving into 10 states with a new line of home security products called Eversafe.

This is Eveready's first foray into the home security market. Its line includes a smoke detector; a portable intrusion alarm that can be attached to any door or window; and a small transmitter used to turn on lights by remote control.

First off the boards nationally, however, is the estimated $10 million campaign supporting the revamped flashlight/lantern line. Each product is designed to meet specific uses, such as for autos, road emergencies and home workshops.

Chiat/Day, Venice, Calif., is handling the campaign, having been given the assignment earlier this year. William Esty Co., New York, previously was agency of record.

Media advertising, including TV and print, starts in November. A 10-page insert is planned for national magazines.

The Eversafe products will be supported in the initial marketing area—representing about 25% of the U.S., mostly in the Midwest—with a TV and print campaign from Eveready's primary agency, DDB Needham Worldwide, Chicago.

Eveready, a Ralston Purina Co. unit, hopes to roll out the products nationally next year, with $15 million to $20 million in media support. "When Eveready does anything these days, it starts out at that level," said one Ralston agency source.

"These moves reflect Ralston's reasons for buying Eveready in the first place," the executive said. "They saw a strong brand name that could be leveraged across a lot of different product categories."

Eveready apparently expects that consumers buying flashlights and security devices will cross over and buy its batteries.

The company has struggled in the battery market, experiencing share drops during the past year in a bitter battle with Duracell and Rayovac Corp. (AA, July 11).

Lighting products, a $400 million category, represent the largest group of battery-operated devices.

Another purpose behind the aggressive new-product plans: providing extra opportunities for profits and merchandising at the retail level.

The six lighting-product lines offer a total of nine new items: two Trusty Light flashlights for general household use; two Foreman flashlights for home workshops; Road Beam flashlights for car use; Handy Lights penlights to carry in purses or briefcases; Explorer flashlights and lanterns, weatherproofed for outdoor use; and DLX premium flashlights.

"I think you have to be careful with new products in this area," said one industry executive. "You'd better have a reason for each new product."

DLX flashlights are described by Eveready as offering "the ultimate in flashlight form and function," made of "rich" black plastic and shining "three times brighter than an ordinary flashlight."#

Hot :15s

(Continued from Page 1)

per pod or higher prices to lessen demand.

Many advertisers have substantially cut their daytime TV spending by using :15s and put the savings into other network dayparts or even syndication TV.

In the recently concluded upfront —or advance—sales market for 1988-89 daytime slots, advertisers spent $200 million less than last year, a drop of about 20%. As a result, daytime prices plummeted 15%.

Daytime also suffers from a lack of general advertiser interest. "Dayparts go in and out of fashion," said Dennis Liebowitz, an analyst with Donaldson, Lufkin & Jenrette. "Currently, daytime viewers are considered declasse."

The nets originally resisted standalone :15s, fearing they'd add to clutter and create an inventory glut. But then they saw a silver lining: The unit could draw in smaller advertisers. CBS was the first to accept standalone :15s (AA, Aug. 19, 1985).

Many people now believe the networks bungled the new unit when they priced it at half of the cost of a :30.

The shorter, cheaper format proved a boon not only for smaller advertisers but for the huge package-good marketers, which found they could receive the same network rating levels with :15s that they got with :30s and at half the cost.

Advertisers such as Block Drug Co. now use :15s almost exclusively; Lever Bros. uses :15s for one-third of all its TV commercials.

"They're a bargain in anybody's book," said one agency executive.

"It's important for us to use :15s in order to compete. It would be inappropriate for restrictive efforts to be taken [by the networks] that would be unfair to smaller advertisers," said Avrum Gelier, director of marketing services at Block Drug. "They [:15s] have allowed us to do things we couldn't do in recent years, like putting money in prime time for certain brands."

Large TV advertisers are expected to battle the "premiums" as well.

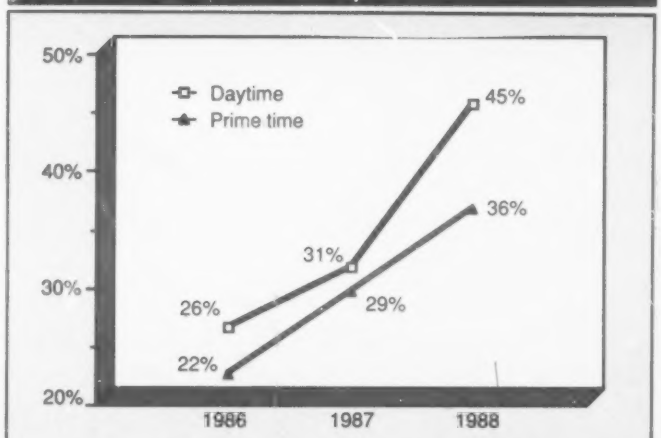
"It will never happen," said Bill Hadlock, exec VP-director of media services at Leo Burnett USA, Chicago. He said the networks will change their "arbitrary rules," meaning he thinks they'll add more :15s to the pods.

But one TV executive said some major advertisers want limits, so commercial clutter doesn't worsen. "We're stuck in the middle," he said.

"If the networks continue to restrict usage," said Robert Bolte, director of media services at Clorox Co., "then you'll see premiums. . . . If they relax those limits, you won't see that happen.

"What the networks eventually do is anybody's guess. But my feeling is there is a general concern that the commercial environment has been deteriorating and that the networks need to do something to cut back on clutter. If I'm correct, they will not break down barriers and *will* pass along premiums."#

Growth of 15-second spots*



*Each figure represents the percentage 15-second spots represent in the daypart's total commercial inventory during the second week in March of each year. *Source:* Television Bureau of Advertising

ABC, CBS ready for prime time

By VERNE GAY

NEW YORK—ABC and CBS are putting the finishing touches on their new fall prime-time schedules (AA, Aug. 22).

The schedules, disrupted by the 22-week-long Writers Guild of America strike, will be on the air by the end of November. NBC previously announced all of its shows will make their debuts by Nov. 29.

ABC last week disclosed premiere dates for new episodes of seven new and returning series, including "Wonder Years" and "Hooperman," which will both kick off their new seasons Nov. 30. But the network still is without starting dates for five serials, including "Moonlighting" and "thirtysomething."

New episodes of "Dynasty" will premiere Nov. 3, while a new series called "Knightwatch" comes out Nov. 10. New episodes of "MacGyver" will premiere Nov. 14, and "China Beach," a returning series, kicks off Nov. 30. "Murphy's Law," a new series, starts Dec. 3.

ABC's other series awaiting starting dates: "A Fine Romance," "The Saturday Mystery Movie" and "Heartbeat."

CBS earlier said 17 of its 24 scheduled series, most of them an hour long, will start by Oct. 31.

A few key half-hour shows, including the new "Dick Van Dyke" and "Mary Tyler Moore" shows, will start Oct. 26. "Dirty Dancing," a brand-new Saturday evening series, premieres Oct. 29.

CBS also said "Newhart" and "Coming of Age," both Monday night shows, will start Oct. 31. "Murphy Brown" and "Designing Women" both have Nov. 14 start dates, while "Close to Home," a new Saturday show, premieres Nov. 5. In addition, "TV 101" will start Nov. 29; "Beauty & the Beast," Nov. 18; and "Falcon Crest," Oct. 28.

The only show without a start date is "Tour of Duty." But starting Oct. 8, CBS will run new episodes of "Simon & Simon" in "Tour's" Saturday berth.

CBS also said "Frank's Place," a half-hour returning comedy series, is in production and will appear after the first of the year.#

Ford ads

(Continued from Page 2)

1987 was 6.3% and is expected to tally in at 6.7% this year. It expects to reach unit sales of 629,000 in 1988.

For 1989, Ford Division advertising continues to emphasize quality, design leadership and product benefits.

As in 1988, new spots laud the automaker's successes in recent years under the "Winning the world over" theme.

A brand spot positions the Ford Escort, Taurus Wagon and F-Series truck as the best-selling car, wagon and truck in the world.

Voice-over says Ford is "America's most successful car company."

Teaser spots for the redesigned 1989 Ford Thunderbird and Mercury Cougar will break in November during ABC-TV's miniseries "War and Remembrance," of which Ford Motor Co. will be the exclusive automotive sponsor.

A new Cougar spot includes an adaptation of the song "Take My Breath Away," from the movie "Top Gun."

The commercial shows a sequence of frames moving across the TV screen like a film running through a projector, but there is live action in each individual frame.

Shots of a Cougar on the road are interspersed with slice-of-life vignettes and the sun and moon image.

Ford Division likely will outsell General Motors Corp.'s Chevrolet division in 1988 in both cars and trucks for the first time in about 30 years, said Thomas Wagner, VP-general manager of Ford Division. Ford outsold Chevrolet in combined car and truck sales last year by 177,000 units.

Ford Division is aiming for 1989 sales of 1.6 million cars and 1.6 million trucks, up from an expected 1.5 million cars and 1.5 million trucks this year, Mr. Novell said.

That would give it about 16% of the car market in 1989, up from its current 15.2%, and 31% of the truck market, up from 29.2% now.

Ford Division will maintain its ad spending levels, estimated at $310 million for 1988.

L-M, which spent an estimated $135 million this model year, hasn't set 1989 budgets yet, Mr. Lancaster said.#

Saatch.

(Continued from Page

two British executives who were named the holding company's joint directors of operations earlier this year, "are advertising people" and expected to take tough, independent looks at the salary line, said other Saatchi agency executives.

That contrasts, sources say, with Saatchi & Saatchi Communications division Chairman-CEO Victor Millar, who previously had been a consultant—not an adman—and was not as skillful at spotting salary fat.

Even if Messrs. Warman and Bannister don't order agencies to limit salary increases, they'd be sure to question especially large raises.

"They'll advise you and give you guidelines, especially if they think one part of a budget is out of line," a Saatchi executive said.

Another Saatchi executive said, "I think this is an important year [for the holding company] because there's no acquisition growth."

"They think their stock price is low, and they are very frustrated by it," said Andrew Wallach, stock analyst at Drexel Burnham Lambert.

Though Saatchi will try to wring more profits out of its agencies, analysts doubted those efforts would have much impact on share price.

"The operating results are fine. You can always squeeze out a little more, but their margins already are significantly higher than the rest of the advertising industry," said James Dougherty, an analyst at County Securities USA.

"They are so big they can't grow faster than the industry they're in," Mr. Wallach added.

One reason for Saatchi's sagging stock price is the unpredictability of management on strategy issues, Mr. Dougherty said.

Saatchi's attempt to acquire a British bank a year ago "is still a real concern," he said. He added that Wall Street also wants to be sure the company doesn't plan to issue more paper that will dilute earnings.

Mr. Dougherty said Saatchi's advertising earnings will also get a boost from the lower costs realized because of Saatchi & Saatchi DFS Compton's move to its new headquarters in New York.#

IBM pitch

(Continued from Page 8)

and Director of Account Management Peter Rosow.

At Grey, the IBM team was headed by Exec VP-Administration Robert Berenson, with Chairman-President Edward Meyer and Exec VP-Creative Services Richard M. Karp.

Lintas' team included Chairman-CEO William Weithas, Lintas:New York Chairman-CEO Spencer Plavoukos, President-Director Creative Services Frank DeVito, Exec VP Steve Norcia and Exec VP-Director Media Services Louis Schultz.

WRG's presentation was led by Vice Chairman-Corporate Creative Director Charles Moss, Vice Chairman-Chief Creative Officer Mary Moore, Chairman Ken Olshan and President Richard Hopple.

Lord Geller's presentation was led by President William Wardell and included Tim Elliott, chief operating officer; Agi Clark, exec VP-managing director of creative services; and Gene Federico, vice chairman.

At Lord Einstein, Exec VP-General Manager C. Ray Freeman, Exec VP-Creative Director Kevin O'Neill and Vice-Chairman Edward Yaconetti helped lead the pitch.#

9/15/88 C270-1

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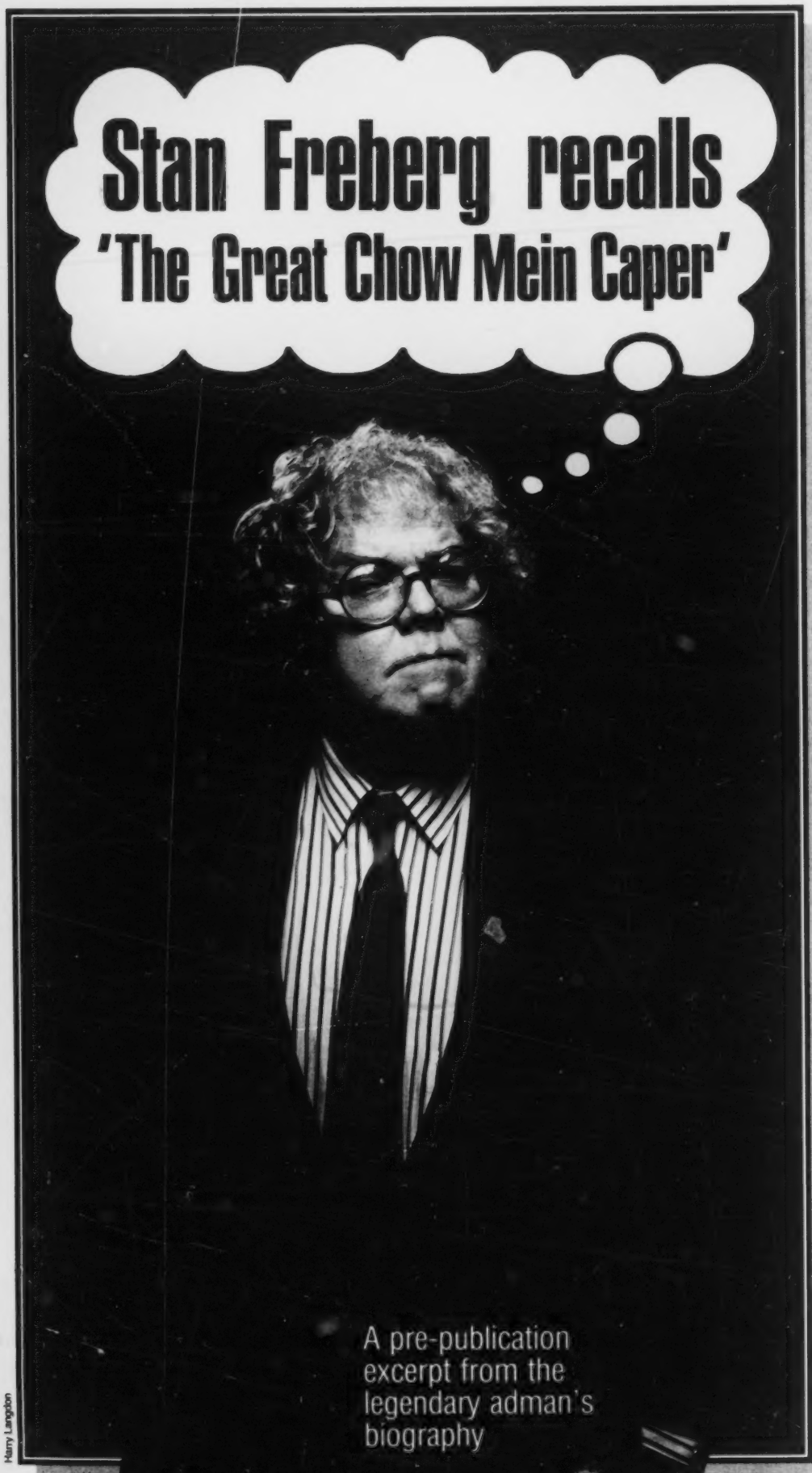
Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Stan Freberg recalls 'The Great Chow Mein Caper'



Harry Langdon

A pre-publication excerpt from the legendary adman's biography

—Page 66

American Air books new regionalized ad strategy

By JENNIFER LAWRENCE

FORT WORTH, TEXAS—American Airlines is taking the wraps off a new regional marketing strategy, making it the first national carrier to develop distinctly separate campaigns in various areas of the country.

While a number of major package-goods marketers have turned to regionalized marketing, until now the big national airlines have relied on national ad campaigns and themes, sometimes tailored to local markets.

Those secondary drives typically are used to push price and destination.

But American is the first to address specific regional goals with full-fledged campaigns using separate creative executions.

Bozell, Jacobs, Kenyon & Eckhardt has created two new campaigns not linked creatively to the carrier's umbrella "on-time" image effort.

The first, which began Sept. 8 in Los Angeles and San Francisco and will expand to other West Coast markets, includes three 10-second TV spots showing laid-back California scenes of

(Continued on Page 114)

Backer takes top ad agency spot in Europe

An Advertising Age roundup

An ADVERTISING AGE survey of 17 countries indicates Backer Spielvogel Bates Worldwide has moved into the No. 1 position in Europe.

That's critical for the agency business, because Europe is becoming the world's fastest-growing region for advertising.

The AD AGE survey also shows that the top 10 multinational agency networks in Europe each increased gross income by an average 40% in 1987, bolstered by strong local currencies and buoyant ad spending.

With $248.2 million in 1987 gross income, largely due to the addition of Dorland U.K. to the network, Backer has taken the lead from its sister agency, Saatchi & Saatchi Advertising Worldwide.

Backer's jump moves Saatchi & Saatchi Advertising down to the No. 2 position in Europe but, importantly, gives parent Saatchi & Saatchi Co. the top two networks in the region.

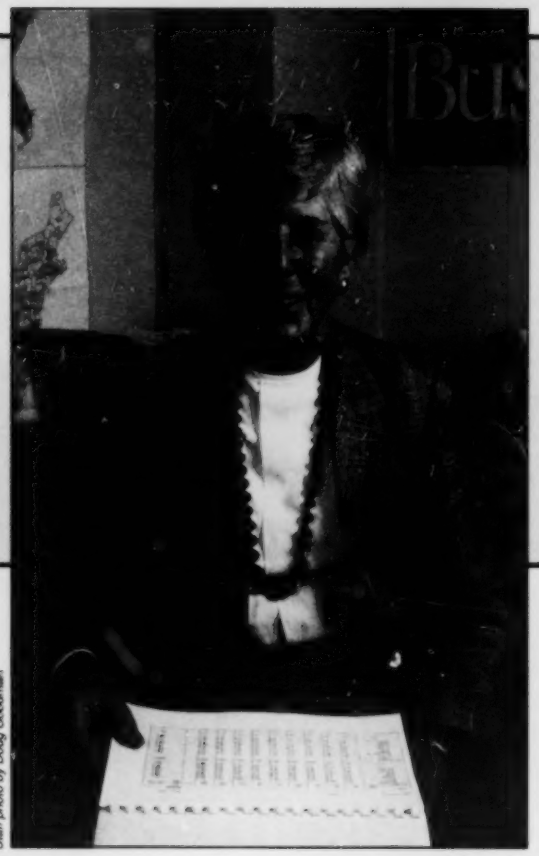
Without Dorland, Backer would have held the No. 5

(Continued on Page 100)

INSIDE:

Real estate: The topic that makes agencies want to talk about moving—Page 12

How Jesse Jackson's campaign took its first steps into advertising—Page 18



Staff photo by Doug Goodman

Bush media buyer sees a bumper crop of ads

By STEVEN W. COLFORD

NEW YORK—On Election Day, Farrell Media President Cathy Farrell loses all her clients.

Perhaps she can take some solace from the fact that, later that same day, she finds out whether all her efforts between now and then were successful.

Ms. Farrell is the media buyer for Republican presidential nominee George Bush, and she foresees for this fall the most heavily advertised race for the White House in recent memory.

What's driving the potential explosion in advertising is the confluence of three factors: two relatively undefined candidates; increased importance of regional strategies; [illegible] more political ad time being bought at the lowest [illegible] rate.

[illegible]s. Farrell isn't fazed. Her 1½-year-old buying outfit [illegible]y bill an estimated $60 million or more this year—all from political candidates and issues.

Politics is the one and only business of this woman who says she began her career "in the mailroom at Ted Bates more years ago than you'd believe."

Working now from a nondescript office in Manhattan, Ms. Farrell and 22 employees will spend most of their

(Continued on Page 107)

Cathy Farrell expects to keep very busy this election year.

September 12, 1988

Advertising Age®

Crain's International Newspaper of Marketing

Let Olympi-ads begin!

NBC's $550M in sales shatters TV ad records

An Advertising Age roundup

The biggest event in the history of TV advertising begins this Friday.

As an ad generator, the XXIV Olympiad is unparalleled: NBC-TV has sold $550 million in commercial time on the 17 days of broadcasting from Seoul.

That's at least $100 million more than ABC's ad revenue total for the 1984 Summer Games in Los Angeles. The biggest football Super Bowl ever, last year's Super Bowl XXII, pulled in about $50 million for ABC.

There will be roughly 30 hours of advertising during the 179½-hour Olympics telecast starting Sept. 16, or up to 3,500 30-second spots.

Prime-time :30s are going for as much as $330,000. More than 100 advertisers have purchased time—some spending up to $50 million, some as little as $500,000.

The on-screen advertising battles could be as interesting as those on the field.

Visa International and American Express Co. will spar over whose credit card can actually be used at the Olympics (Visa at the Olympic Village, but AmEx throughout Seoul). AT&T Co. and US Sprint will go head-to-head in long-distance campaigns, and Anheuser-Busch and Miller Brewing Co. will unwrap special ad executions.

General Motors Corp.'s Oldsmobile Division and the Beef Industry Council are kicking off important new campaigns on the telecast *(see stories on Page 3)*. GTE Corp., Eastman Kodak Co., Xerox Corp. and Metropolitan Life Insurance Co. will use the games to spotlight new creative, too.

Although there will be several head-on marketing battles, NBC sold many of its largest Olympic advertisers on an exclusive or partly exclusive basis.

Some advertisers bought chunks of time to block out key competitors or to at least limit the number of competitors that could advertise on the Games.

NBC sold 15 such "exclusive" positions, where the size of the deal depended on the size of the category. GM spent about $40 million to achieve exclusivity, but Reebok International spent only $6 million for athletic-shoe exclusivity.

Other marketers that preferred exclusive buys: Hyundai Motor America and American Isuzu Motors, for imported cars; Jos. E. Seagram & Sons for wine coolers; Quaker Oats Co.'s Gatorade for isotonic drinks; Coca-Cola Co. for soft drinks; Johnson & Johnson for analgesics; Kodak for film;

(Continued on Page 112)

Country singer Reba McIntire and TV star Timothy Busfield are featured in a new $30 million campaign from the Beef Industry Council, breaking on the Summer Olympics *(see story on Page 3)*.

Last Minute News

Polaroid taps BBDO for new film account

CAMBRIDGE, MASS.—Polaroid named BBDO Worldwide, New York, to handle its new $15 million conventional-film account. BBDO already is *the agency for Polaroid's instant cameras and films. Separately, Shamrock Holdings*, which has made an offer of $42 per share, or $2.76 billion, for Polaroid said that if its bid is successful it will drop plans to market conventional film.

Bauer plans new women's monthly

NEW YORK—Bauer Publishing will launch *First for Women*, a woman's service magazine, next year with a $15 million network TV campaign via Laurence, Charles, Free & Lawson. Bauer, publisher of *Woman's World*, said the new monthly will be sold only at newsstands. Seven million copies of the March 1989 issue will be on sale Jan. 30, making the launch the biggest ever in terms of distribution and ad support. Triangle Publications, which already distributes *TV Guide, Reader's Digest, Soap Opera Digest, Newsweek* and other magazines, will distribute *First*. Aimed at women 18 to 49 years old, *First's* debut

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Agency cuts staff by one-third

Ax falls at Lord Geller

By GARY LEVIN and JON LAFAYETTE

NEW YORK—The other shoe dropped at Lord, Geller, Federico, Einstein Sept. 9 when the agency laid off about a third of its staff.

The dismissal of 90 people came one week after losing IBM Corp.'s $138 million account to Lintas:Worldwide and Wells, Rich, Greene.

Employees were contacted by top executives and individual department heads about the massive cutbacks, which take effect immediately.

"The quicker we do it, the better it is for the people that we do it to," said Tim Elliott, chief operating officer at Lord Geller. "But we've done it so we can continue to serve our existing clients,

IBM may turn media buying over to Lintas—Page 2

including IBM, and to pitch new business. We haven't cut it to the bone."

Lord Geller will continue handling IBM work for "a short transition period," an IBM spokeswoman said.

The account represents about 60% of Lord Geller's total billings; after IBM work is completed, billings will tumble to an estimated $40 million from a high last year of $220 million.

Mr. Elliott refused to disclose names of the laid-off executives. "We didn't say to ourselves, 'Who worked on IBM, and we should let those people go.' " Rather, a broad base of senior and junior-level staffers in all departments were dismissed.

But sources indicated the ax fell

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Lintas may win IBM media buys

By JON LAFAYETTE

NEW YORK—Lintas:Worldwide has the inside track on picking up broadcast buying for IBM Corp.'s $138 million advertising account, sources report.

IBM recently split its account between Lintas and Wells, Rich, Greene after dumping its beleaguered incumbents, Lord, Geller, Federico, Einstein and Lord Einstein O'Neill & Partners (AA, Sept. 5).

IBM didn't indicate buying responsibilities but is expected to consolidate broadcast buying at one of the two.

Lintas handles $500 million in network time for its clients, including all sports buys for General Motors Corp.

WRG handles $200 million in network TV buying, including corporate campaign assignments for Ford Motor Co. and ITT Corp.

IBM is an important sports advertiser, and the clout an agency like Lintas would bring to the party could save money for the computer giant.

If WRG doesn't get any broadcast buying, it could get a print buying assignment, sources said.

Although an IBM spokeswoman indicated the company has no timetable for making a decision on media buying, agency executives indicated the topic would be discussed at a series of meetings this week.

Media buying wasn't a factor in the agencies' three-hour presentations to IBM last month, agency executives said.

"IBM has a lot of spending and needs a lot of coordination," said one source familiar with Big Blue's media-buying operations. "Planning could be split up, and the agencies could have some say in which programs or magazines they are in. But buying will probably be centralized."

Centralized buying is generally more efficient and easier to monitor.

According to Leading National Advertisers, IBM spent $53.7 million on network TV, more than half of its $97.5 million in measured media. LNA doesn't measure newspaper advertising or ads in computer magazines.

Agency clout hasn't been a major issue in the past for IBM, which has done very well for itself by cherry-picking programming events, especially expensive, high-gloss, made-for-TV shows.

In that arena, "IBM, in and of itself, is clout," said one media executive. In addition to a willingness to pay the freight for premium programming, the IBM name means "quality and prestige."

"The networks let them know when they have a property IBM might be interested in. It's not a matter of knowing the marketplace; the marketplace comes to them."

Most of Big Blue's buying has been handled by John Curran, senior VP-director network radio/TV programming at Lord Geller—which was never a giant agency.

"Curran has an incredible reputation in the marketplace as one of the best negotiators," a former colleague said.

Mr. Curran moved to Lord Geller from Doyle Dane Bernbach in 1986 when the IBM account left DDB, and he'd planned to move to Lord Einstein, the breakaway agency formed by senior Lord Geller executives in March.

He stayed at Lord Geller because Lord Einstein was enjoined by a court order from hiring Lord Geller employees.

Last week, Mr. Curran said he expected to discuss his relationship with IBM with company executives. "We're going to talk," he said. "Things are still very up in the air."

To keep Mr. Curran's services, IBM would either have to hire him as a consultant or persuade one of its agencies to hire him. Sources at both Lintas and WRG indicated that they wouldn't oppose hiring him if that was what

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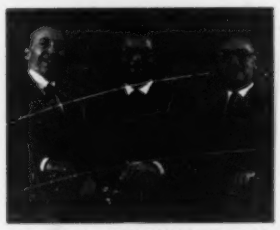

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Proposals to tax ads in 2 Southern states reignite controversy

By STEVEN W. COLFORD

The ad tax is trying a comeback.

Alabama has become the latest state to show an interest in taxing advertising, although Arkansas poses the more immediate threat.

An Arkansas tax commission is expected to hear testimony Sept. 16 on a recommendation to repeal the sales tax exemption that now applies to advertising (AA, Sept. 5).

Bill Lawson, chairman of the Arkansas Advertising Federation, believes the commission won't tax advertising directly but eventually will recommend removing the exemptions from virtually all businesses.

States periodically have looked at ad taxes despite the national embarrassment that befell Florida last year when it unsuccessfully tried to impose a sales and use tax on ads.

The American Advertising Federation, American Association of Advertising Agencies and Association of National Advertisers plan to present anti-tax testimony at the hearing in Little Rock, Ark.

Although the commission isn't expected to vote on exemption proposals within the month, Mr. Lawson predicts there will be a real fight on this issue down the road when Gov. Bill Clinton, a past proponent of taxing ads, incorporates commission recommendations into his own 1989 tax-raising proposals.

"I wouldn't be surprised if there eventually is a bill to tax advertising, but its serious consideration will depend on whether it can get the support of the governor and key legislators," Mr. Lawson said.

"I don't think the Legislature would ever impose a tax on advertising," he added. "I think they understand its implications and impact on the ad industry . . . and know that it doesn't make political sense."

Mr. Lawson is public relations manager for Arkansas Blue Cross & Blue Shield.

In Alabama, the call for an ad tax is being championed by Rep. Dwight Faulk, a Democrat.

The Alabama Legislature currently is winding up a special session, and a House committee was scheduled to consider this week a proposal from Rep. Faulk to extend the state's 5% sales and use tax to ad sales.

"I know there may be some problems implementing something like this, but this bill will let us see what the gist of the idea is," said Rep. Faulk, who's scheduled to leave office in January to become a probate judge. "But the politicians are scared of an ad bill [because] the media are key to them when they run for office."

Rep. Faulk said he believes his legislation "is not going anywhere" for lack of legislative support.#

DDB, Dai-Ichi forming new agency venture

By GARY LEVIN

NEW YORK—DDB Needham Worldwide and Tokyo's Dai-Ichi Kikaku plan to announce next week the formation of a joint venture agency network in the U.S. and Japan, sources say.

This major expansion of an existing affiliation agreement, in which each agency already owns a small stake in the other, will result in creation of a third agency with offices in New York, Los Angeles and several Japanese cities.

Dai-Ichi is Japan's fourth-largest agency with 1987 billings of $837 million. DDB Needham, a unit of Omnicom Group, billed nearly $2.6 billion last year.

The move is patterned after HDM—a similar venture by Dentsu, Young & Rubicam and France's Havas—and Lintas:Hakuhodo, a U.S./Japanese joint venture.

The new venture will be funded equally by the two agencies and won't affect current equity relationships.

Sources say the venture is designed to give Dai-Ichi's clients better expansion capabilities in the U.S., while offering DDB Needham's U.S. clients a stronger base of operations in Japan. The separate venture could help avoid conflicts that might arise if Needham and Dai-Ichi handled each other's business in their respective markets.#